

**SAMUEL W. STEVENS, III CPA**

*P.O. Box 52631 · Shreveport, LA 71135 · (318) 458-0930 · Fax (866) 531-9558*

---

October 20, 2010

Louisiana Legislative Auditor  
Baton Rouge, LA

Dear Legislative Auditor

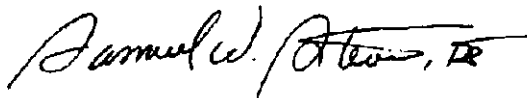
Please find attached the revised 2009 Audit Report for The Town Of Blanchard. Statement C, page 13, was corrected for a typing error. For the line titled Total Fund Balance, the typed amount was 102,357. The correct amount is 76,651 as revised.

I footed the remaining schedules and corrected any differences. All differences noted were typographical only.

A revised report will be issued to all relevant parties.

Thank you for bringing this matter to my attention.

Sincerely,



Samuel Stevens

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/10/10

---

**SAMUEL W. STEVENS, III**  
*Certified Public Accountant*

REISSUE

**TOWN OF BLANCHARD**

**BLANCHARD, LOUISIANA**

**June 30, 2009**

## TOWN OF BLANCHARD, LOUISIANA

Annual Financial Statements  
As of and for the Year Ended June 30, 2009  
With Supplemental Information Schedules

## Table of Contents

	Statement/ Schedule	Page
Independent Auditor's Report		3
<u>Required Supplemental Information (Part II)</u>		
Management's Discussion and Analysis		6
<u>Basic Financial Statements:</u>		
<u>Government-Wide Financial Statements:</u>		
Statement of Net Assets	A	11
Statement of Activities	B	12
<u>Fund Financial Statements:</u>		
Balance Sheet-Governmental Fund	C	13
Reconciliation of the Governmental Funds Balance Sheet to The Government-Wide Financial Statement of Net Assets	D	14
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund	E	15
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	16
Statement of Net Assets-Proprietary Fund	G	17
Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Fund	H	18
Proprietary Fund Type-Enterprise Fund-Statement of Cash Flows	I	19
<u>Notes to the Financial Statements</u>		20

Town of Blanchard, Louisiana  
Table of Contents (continued)

	Statement/ Schedule	Page
<u>Required Supplemental information (Part II)</u>		
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget & Actual	1	31
<u>Other Supplemental Schedules</u>		
General Fund-Comparative Balance Sheet	2	32
Statement of Revenues, Expenditures, and Changes in Fund Balances General Fund	3	33
Enterprise Fund-Balance Sheets	4	34
Statements of Revenues, Expenses and Changes in Net Assets Proprietary Fund	5	35
Statement of Revenues, Expenses and Changes in Net Assets Proprietary Fund-Water and Sewer Departments	6	36
Schedule of Compensation and Reimbursed Expenses Paid Board Members	7	37
Schedule of Rates	8	38
Schedule of Insurance	9	40
<u>Other Reports:</u>		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards		41
Schedule of Findings & Responses		43
Schedule of Prior Year Findings		44

## **SAMUEL W. STEVENS, III CPA**

*P.O. Box 52631 · Shreveport, LA 71135 · (318) 458-0930 · Fax (318) 219-7841*

---

The Honorable Johnny Digilormo, Mayor  
and the Members of the Board of Aldermen  
Town of Blanchard, Louisiana

I have audited the accompanying financial statements of the governmental activities and business type activities of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Blanchard, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Town of Blanchard, Louisiana, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 22, 2009 on my consideration of the Town of Blanchard, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The management's discussion and analysis on pages 6 through 10 and the budgetary comparison information (Schedule 1) on page 31, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it. My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The other supplemental information schedules (Schedules 2 through 9) on pages 32 to 40 are presented for purpose of additional analysis and are not a required part of the basic financial statements of the Town of Blanchard, Louisiana. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my

opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Samuel W. Stevens, III". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Samuel W. Stevens, III  
Certified Public Accountant

December 22, 2009

## Required Supplemental Information (Part I)

**TOWN OF BLANCHARD, LOUISIANA**  
**Management Discussion and Analysis**  
**June 30, 2009**

The management of the Town of Blanchard, Louisiana offers readers of the Town of Blanchard, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. The Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

**Overview of the Financial Statements**

This Section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

**Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses. The statement of net assets presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information, which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Department.



**TOWN OF BLANCHARD, LOUISIANA**  
**Management Discussion and Analysis**  
**June 30, 2009**

**Government-wide Financial Analysis**

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$3,514,323 (net assets); this represents a decrease of \$113,251 under last fiscal year. Of this total net asset amount, \$1,174,531 is unrestricted net assets. The Town's net assets are comprised of \$379,358 from governmental activities and \$3,134,965 from business type activities.

The following is a condensed statement of the Town of Blanchard's net assets of June 30, 2009:

	Governmental Activities	Business- Type Activities	Total June 30, 2009	Total June 30, 2008
<b>ASSETS</b>				
Cash and Cash equivalents	\$ 77,994	\$ 510,752	\$ 588,746	\$ 673,433
Investments	200	5,966	6,166	5,747
Receivables	36,620	217,769	254,389	240,886
Internal balances				
Restricted assets		976,821	976,821	912,459
Other assets	50	188,333	188,383	250,412
Capital assets (net)	<u>302,707</u>	<u>6,185,588</u>	<u>6,488,295</u>	<u>6,850,415</u>
<b>TOTAL ASSETS</b>	<b>417,571</b>	<b>8,085,229</b>	<b>8,502,800</b>	<b>8,933,352</b>
<b>LIABILITIES</b>				
Accounts, payroll, and other payables	12,507	353,533	366,040	412,004
Due To Utility Fund	25,706		25,706	4,273
Payable from restricted assets		308,536	308,536	348,281
Internal balance		0	0	0
Bonds payable		<u>4,288,195</u>	<u>4,288,195</u>	<u>4,541,220</u>
<b>TOTAL LIABILITIES</b>	<b>38,213</b>	<b>4,950,264</b>	<b>4,988,477</b>	<b>5,305,778</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	302,707	1,662,393	1,965,100	2,041,150
Restricted for debt service		374,692	374,692	474,180
Unrestricted	<u>76,651</u>	<u>1,097,880</u>	<u>1,174,531</u>	<u>1,112,244</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>379,358</u></b>	<b>\$ <u>3,134,965</u></b>	<b>\$ <u>3,514,323</u></b>	<b>\$ <u>3,627,574</u></b>

**TOWN OF BLANCHARD, LOUISIANA**  
**Management Discussion and Analysis**  
**June 30, 2009**

By far the largest portion of the Town's net assets (\$1,965,100 or 56%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. The amount restricted for debt service was \$374,692 or 10% of total net assets.

The remaining balance (\$1,174,531 or 34%) is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding bond debt of 4,596,731, which was used to finance some of the \$6,488,295 net capital assets. Total liabilities of \$5,078,053 are equal to 60% of the total assets.

The Town's governmental activities decreased net assets by \$81,647. The Town's business-type activities decreased net assets by \$121,180. This is a decrease in total net assets of \$202,827 under last fiscal year.

The following is a summary of the statement of activities:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenue</b>						
Program revenue	\$ 250,314	\$ 242,300	\$ 2,346,211	\$ 2,080,084	\$ 2,596,525	\$ 2,322,384
General revenue and transfers	418,124	420,000	49,109	57,240	467,233	477,240
Total revenue and transfers	668,438	662,300	2,395,320	2,137,324	3,063,758	2,799,624
<b>Expenses</b>						
General and administrative	144,004	75,536			144,004	75,536
Public safety	417,216	402,630			417,216	402,630
Public works	185,339	171,803			185,339	171,803
Culture and recreation	3,526	2,311			3,526	2,311
Water and sewer			2,516,500	2,144,763	2,516,500	2,144,763
Total expenses	750,085	652,280	2,516,500	2,144,763	3,266,585	2,797,043
Increase (decrease) in net assets	(81,647)	10,020	(121,180)	(7,439)	(202,827)	2,581
Net assets June 30, 2008	461,005	450,985	3,166,569	3,174,007	3,627,574	3,624,992
Net assets June 30, 2009	\$ 379,358	\$ 461,005	\$ 3,045,389	\$ 3,166,568	\$ 3,424,747	\$ 3,627,573

**TOWN OF BLANCHARD, LOUISIANA**  
Management Discussion and Analysis  
June 30, 2009

**Fund Financial Statements-Governmental Funds**

The governmental activities of the Town include General Government, Public Safety, Public Works, and Cultural and Recreational. Revenues normally associated with municipal operations, (e.g. sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines and operating grants) are insufficient for the funding of these activities; therefore, the town relies on transfers of excess revenue from its enterprise fund to cover the cost of these activities.

As the Town completed the year, its governmental funds reported a combined fund balance of \$76,651, which is \$71,185 less than last year's fund balance of \$147,836.

**Fund Financial Statements -Proprietary Funds**

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water and sewer services.

Total revenues for the business-type activities increased \$257,996 or 12.0% from total revenues in the year ended June 30, 2008 of \$2,137,324 to total revenues of \$2,395,320 in the year ended June 30, 2009.

The cost of all business-type activities this year was \$2,516,500. \$2,346,211 of these costs were covered by program revenues, consisting of charges for services assessed to users and capital grants. The remainder was covered by taxes and other revenues.

**General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended June 30, 2009. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 31. Highlights for the year are as follows:

- Actual expenditures exceeded actual revenue for the year ended June 30, 2009 by \$71,184.
- Actual revenues were less than final budgeted revenues by \$61,157.
- Actual expenditures were greater than final budget expenditures by \$10,087.

**Capital Asset and Debt Administration**

The total investment in net capital assets as of June 30, 2009 is \$6,488,295: \$302,707 for the general fund and \$6,185,588 for the proprietary fund.

**TOWN OF BLANCHARD, LOUISIANA**  
Management Discussion and Analysis  
June 30, 2009

New major capital assets purchased or constructed in fiscal 2009 are:

Governmental activities:

- Bathroom petition at Townhall: \$1,193
- New Patrol Car and Accessories: \$24,663

Business-Type activities:

- Water System, equipment, repairs and upgrades: \$16,415
- Sodium Chlorite Containment Tank: 5,770
- Communications upgrade and equipment: 13,430
- Sewer System, equipment, repairs and upgrades: \$63,204

**Current Financial Factors**

There will be an annual 7% water rate increase effective July 2009 through July 2013. The Town expects continual and significant increases in its water sales to gas drilling companies due to the recent gas field found in northern Louisiana, and Texas. Blanchard Utilities has expanded their coverage to include the acquisition of the East Mooringsport Water System. Blanchard Utilities has also agreed to sell bulk water to Mooringsport, Lakeview and Pinchill.

**Request for Information**

This financial report is designed to provide a general overview of the Town of Blanchard's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Debra Smith, Clerk, P. O. Box 428, Blanchard, Louisiana, 71009.

## Basic Financial Statements

## Government-Wide Financial Statements

## STATEMENT A

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF NET ASSETS**

June 30, 2009

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and Cash equivalents	\$ 77,994	\$ 510,752	\$ 588,746
Investments	200	5,966	6,166
Receivables	36,620	217,769	254,389
Restricted assets			
Cash and cash equivalents		922,936	922,936
Investments		53,885	53,885
Other assets	50	188,333	188,383
Capital assets (net)	<u>302,707</u>	<u>6,185,588</u>	<u>6,488,295</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>417,571</u></b>	<b>\$ <u>8,085,229</u></b>	<b>\$ <u>8,502,800</u></b>
<b>LIABILITIES</b>			
Accounts, payroll, and other payables	\$ 12,507	\$ 156,984	\$ 169,491
Due to utility fund	25,706		25,706
Liabilities payable from restricted assets:			
Current portion of long-term obligations		235,000	235,000
Accrued interest on long-term debt		73,536	73,536
Meter deposits		286,125	286,125
Long-term debt, net		<u>4,288,195</u>	<u>4,288,195</u>
<b>TOTAL LIABILITIES</b>	<b><u>38,213</u></b>	<b><u>5,039,840</u></b>	<b><u>5,078,053</u></b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	302,707	1,662,393	1,965,100
Restricted for debt service		374,692	374,692
Unrestricted	<u>76,651</u>	<u>1,008,304</u>	<u>1,084,955</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>379,358</u></b>	<b>\$ <u>3,045,389</u></b>	<b>\$ <u>3,424,747</u></b>

The accompanying notes are an integral part of this financial statements

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2009

	Expenses	Program Revenues		Net (Expenses) Revenue	Net (Expenses) Revenues, and Charges		Total
		Charge for Services	Operating Grants and Contributions		Governmental Activities	Business- Type Activities	
<b>Governmental Activities</b>							
General governmental	\$ 144,004			\$ (144,004)	\$ (144,004)		\$ (144,004)
Public safety: Police	417,216	\$ 103,677	\$ 84	(313,455)	(313,455)		(313,455)
Public works:							
Streets and right of ways	32,764	3,150		(29,614)	(29,614)		(29,614)
Sanitation	116,499	123,328		6,829	6,829		6,829
Buildings and grounds	36,076	20,075		(16,001)	(16,001)		(16,001)
Culture and recreation	3,526			(3,526)	(3,526)		(3,526)
Total Governmental Activities	750,085	250,230	84	(499,771)	(499,771)	0	(499,771)
<b>Business-Type Activities</b>							
Water	2,171,474	2,119,089		(52,385)	0	(52,385)	(52,385)
Sewer	345,026	227,122		(117,904)	0	(117,904)	(117,904)
Total Business-Type Activities	2,516,500	2,346,211	0	(170,289)	0	(170,289)	(170,289)
Total Primary Government	\$ 3,266,585	\$ 2,596,441	\$ 84	\$ (670,060)	\$ (499,771)	\$ (170,289)	\$ (670,060)
<b>General Revenues:</b>							
Ad valorem taxes					93,698	43,419	137,117
Sales tax					126,832		126,832
Franchise taxes					105,501		105,501
Occupational licenses					6,347		6,347
Insurance licenses					39,623		39,623
Building Permits					40,646		40,646
Investment earnings					412	11,225	11,637
Gain (loss) on sale or disposal of assets					1,034	1,998	3,032
Other general revenues					4,031	5,577	9,608
Transfers in (out)					0	(13,110)	(13,110)
Total general revenues and transfers					418,124	49,109	467,233
Change in Net Assets					(81,647)	(121,180)	(202,827)
Net Assets-beginning					461,005	3,166,569	3,627,574
Net Assets-ending					\$ 379,358	\$ 3,045,389	\$ 3,424,747



## *Fund Financial Statements*

## STATEMENT C

**TOWN OF BLANCHARD, LOUISIANA**  
**BALANCE SHEET, GOVERNMENTAL FUND**  
June 30, 2009

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 77,994
Investments	200
Receivables	36,620
Deposits	<u>50</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>114,864</u></b>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts, payroll, and other payables	\$ 12,507
Due to Utility Fund	<u>25,706</u>
Total Liabilities	<u>38,213</u>
Fund Balance:	
Unreserved, reported in:	
General Fund	<u>76,651</u>
Total Fund Balance	<u>76,751</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>114,864</u></b>

## STATEMENT D

**TOWN OF BLANCHARD, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENTAL-WIDE STATEMENT OF NET ASSETS**

June 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds, Statement C	\$ 76,651
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds	<u>302,707</u>
Net Assets of Governmental Activities, Statement A	\$ <u><u>379,358</u></u>

## STATEMENT E

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND**  
For the Year Ended June 30, 2009

	<u>General Fund</u>
<b>Revenue:</b>	
Ad valorem taxes	\$ 93,698
Sales tax	126,832
Franchise taxes	105,501
Intergovernmental revenues:	
State grant	84
Licenses and permits	86,616
Charges for services	126,478
Fines and forfeitures	103,677
Use of Money and Property	20,487
Gain on sale of assets	1,034
Other	<u>4,031</u>
Total Revenues	<u>668,438</u>
<b>Expenditures:</b>	
Current:	
General government	144,004
Public safety: Police	396,141
Public works:	
Sanitation	116,499
Street and right of ways	29,474
Building and grounds	24,092
Culture and recreation	3,526
Capital outlays	<u>6,892</u>
Total Expenditures	<u>739,622</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(71,184)</u>
Net change in Fund Balances	(71,184)
Fund balances, beginning of year	<u>147,835</u>
Fund balances, end of year	<u>\$ 76,651</u>

The accompanying notes are an integral part of this financial statements

## STATEMENT F

**TOWN OF BLANCHARD, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
June 30, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in Fund Balances, Total Governmental Funds, Statement E	\$	(71,184)
--	----	----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$36,349) exceeds the capital outlays (\$25,886) in the current period

(10,463)

Change in Net Assets of Governmental Activities, Statement B	\$	<u>(81,647)</u>
--	----	-----------------

## STATEMENT G

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF NET ASSETS, PROPRIETARY FUND**  
June 30, 2009

	Business-Type Activity Utility Fund
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and Cash equivalents	\$ 510,752
Investments	5,966
Receivables	217,769
Total current assets	<u>734,487</u>
<b>Restricted assets</b>	
Cash and Cash equivalents	922,936
Investments	53,885
Total restricted assets	<u>976,821</u>
<b>Non-current assets:</b>	
Unamortized bond issue costs	188,333
Capital assets net of accumulated depreciation	6,185,588
Total non-current assets	<u>6,373,921</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>8,085,229</u></b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts, salaries, and other payables	\$ 156,984
Total current liabilities:	<u>156,984</u>
<b>Current liabilities payable from restricted assets:</b>	
Current portion of long-term obligations	235,000
Accrued interest on long-term debt	73,536
Meter deposits	286,125
Total current liabilities payable from restricted assets:	<u>594,661</u>
<b>Noncurrent liabilities</b>	
Long-term obligations, net of unamortized discounts	4,288,195
Total noncurrent liabilities	<u>4,288,195</u>
<b>TOTAL LIABILITIES</b>	<b>5,039,840</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,662,393
Restricted for debt service	374,692
Unrestricted	1,008,304
<b>TOTAL NET ASSETS</b>	<b>\$ <u>3,045,389</u></b>

The accompanying notes are an integral part of this financial statements

## STATEMENT H

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
For the Year Ended June 30, 2009

	<u>Utility Fund</u>
<b>Operating Revenues</b>	
Charges for services:	
Water sales	\$ 1,988,969
Sewer service fees	220,722
Installations	78,850
Permits and fees	54,175
Other services	3,495
Total Charges for services:	<u>2,346,211</u>
<b>Operating Expenses</b>	
Current:	
Cost of sales and services	1,389,538
Administration	407,231
Depreciation	455,475
Total Operating Expenses	<u>2,252,244</u>
<b>Operating Income</b>	93,967
<b>Nonoperating Revenues (Expenses)</b>	
Ad valorem taxes	43,419
Mineral lease	5,577
Interest earnings	11,225
Interest expense	(232,204)
Amortization of bond discount	(30,377)
Bond agency fees	(1,675)
Gain (loss) on sale of asset	1,998
Total Nonoperating Revenues (Expenses)	<u>(202,037)</u>
<b>Income Before Transfers</b>	(108,070)
Transfers out	(13,110)
<b>Change in Net Assets</b>	(121,180)
Total net assets, beginning of year	<u>3,166,569</u>
Total net assets, end of year	<u><u>\$ 3,045,389</u></u>

**TOWN OF BLANCHARD, LOUISIANA**  
**PROPRIETY FUND TYPE-ENTERPRISE FUND-STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Year Ended June 30, 2009

	Utility Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 2,334,682
Cash payments to suppliers for goods and services	(848,362)
Cash payments to employees for services	(830,725)
Net cash provided (used) by operating activities	655,595
<b>Cash flows from noncapital financing activities:</b>	
Ad valorem taxes	43,419
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of property, plant, and equipment	(103,818)
Proceeds from sale of assets	1,998
Proceeds from mineral lease	5,577
Bond issuance costs	(1,675)
Principal paid on debt	(298,490)
Interest paid on revenue bonds	(278,890)
Transfer to General Fund	(13,110)
Net cash (used) for capital and related financing activities	(688,408)
<b>Cash flows from Investing activities:</b>	
Interest on investments	11,225
Net cash provided (used) from investing activities	11,225
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,831</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,411,857</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,433,688</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 93,967
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>	
Depreciation and amortization	485,852
<b>Change in assets and liabilities:</b>	
(increase) decrease In customer accounts receivable	(11,529)
(Increase) decrease in due from other funds	4,273
(Increase) decrease in prepaids	34,149
Increase (decrease) in accounts payable and accrued expenses	26,308
Increase (decrease) in accrued payroll taxes	1,425
Increase (decrease) in customer deposits	21,150
Total adjustments	561,628
<b>Net cash provided (used) by operating activities</b>	<b>\$ 655,595</b>
<b>Reconciliation of balance sheet cash and cash equivalents to cash flow statement</b>	
Current assets. Cash and cash equivalents	510,752
Restricted Cash	922,936
<b>Total cash and cash equivalents</b>	<b>\$ 1,433,688</b>



## Notes to the Financial Statements

## INTRODUCTION

The Town of Blanchard, Louisiana, (the Town) was incorporated in 1961 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government and provides the following services as authorized by the Act public safety—police; sanitation; public improvements; culture and recreation; provision of water utility and sewer services; and general services. The Town is located in the northwest Louisiana parish of Caddo and has a population of more or less 2,500. The Town employs thirty. The utility department serves approximately 3,800 customers.

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. This report includes all funds which are controlled by or dependent on the Town's Executive and Legislative Branches (the Mayor and Board of Aldermen).

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds.

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of and for the Year Ended June, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental fund:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The Enterprise Fund is used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town maintains an Enterprise Fund for water and sewer utilities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is other charges between the government's enterprise operations. Elimination of this charge would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal revenues of the enterprise fund are direct sales and services, installation charges and permits and fees for use of the

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of and for the Year Ended June, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of less than six months. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Under state law, the Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 182 days. All investments are recorded at fair value based on quoted market prices.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." There is no allowance for doubtful accounts. All receivables in the general fund are expected to be collected. The water and sewer receivables are backed by customer's meter deposits. Upon nonpayment and subsequent disconnection, the deposit is applied to any unpaid account balance with the remaining amount if any, refunded to the customer within a reasonable period of time. Unbilled receivables represent amounts earned which have not yet been billed. Management anticipates that the June 30, 2009 unbilled receivables will be substantially billed and collected in fiscal year 2010.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
Taxes due for		
General Fund Operating	6.57	6.79
Sewer depreciation	3.10	4.71

Of the 1,472 taxpayers of the Town, there are two taxpayers that account for about one percent each of the total assessment. Proceeds of a 1% sales and use tax are dedicated to the police department for the purpose of maintaining and providing police protection. Collections for the year ended June 30, 2009, are \$126,832.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Restricted Assets**

The Enterprise Fund, because of certain bond covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash, cash equivalents and certificates of deposit) that can be used only to service outstanding debt. The restricted amount at June 30, 2009 for bond covenants is \$690,696. The Enterprise Fund also requires customers to place a deposit before service is rendered. These monies are restricted and held until the customer disconnects service. At June 30, 2009, the utility deposits restricted were \$286,125. Total restricted cash and cash equivalents are \$922,936.

**F. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
<u>Water Utility</u>	
Purification Plant	50 years
Lines and Meters	10-30 years
Other Equipment	3-15 years
<u>Sewerage Utility</u>	
Lines and Pumps	30-50 years
Other Equipment	3-4 years

**G. Compensated Absences**

The Town's liability for accrued compensated absences is considered a current liability payable from current resources and is reported in both the government-wide and governmental fund financial statements. The amounts applicable to the General Fund of \$2,335 and the Enterprise Fund of \$3,218 have been recorded. The accumulated unpaid vacation expires on the employee's anniversary date of employment following the year in which it is earned; therefore, no long-term liability exists.

**H. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of and for the Year Ended June, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond Issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt Issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**J. Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented only for individual enterprise funds In the fund financial statements in order to provide an understanding of the changes In the financial position and operations of these funds. Also, certain amounts presented In the prior year data have been reclassified in order to be consistent with the current year's presentation.

**K. Estimates**

The preparation of financial statements In conformity with accounting principles generally accepted In the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Mayor and Town Clerk prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget Is reviewed by the board of alderman and made available to the public. At least ten days after publication of the call for a public hearing, the Town holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the Board of Aldermen as a whole. The budget Is then adopted through the passage of an ordinance during the June meeting, and notice is published in the official journal.

During the year, the Board of Aldermen receives monthly budget comparison statements, which are used as tools to control the operations of the Town. The Town Clerk presents necessary budget amendments to the board when she determines that actual operations are differing materially from those anticipated in the original budget. The board in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The budget was amended during the year. The adoption of amendments Is included in the Town's minutes. The budget is established and controlled by the Mayor and the Board of Aldermen at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Mayor and Board of

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 As of and for the Year Ended June, 2009

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

Aldermen must approve all changes in the budget. The Town does not use encumbrance accounting in its accounting system.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2009, the Town has cash and cash equivalents (book balances) totaling \$1,511,682 as follows:

Demand deposits	\$ 588,746
Interest-bearing demand deposits	922,936
Other	53,885
Total	<u>\$ 1,565,567</u>
Per financial statements;	
Cash and cash equivalents	\$ 588,746
Restricted cash and cash equivalents	976,821
Total cash and cash equivalents per financial statements	<u>\$ 1,565,567</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2009 the Town has \$1,511,682 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,011,682 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Restricted Assets are made up of various cash, cash equivalents and investments. Below is a reconciliation of these restricted assets:

Sinking fund requirements for current interest and principal payments	\$ 308,536
Reserve for 2000 Water Revenue Bonds	85,356
Reserve for 2005 Water Revenue Bonds	296,804
Total restricted for Retirement of Revenue Bonds	<u>690,696</u>
Customer utility deposits	286,125
Total Restricted Cash, Cash Equivalents and Investments as of June 30, 2009	<u>\$ 976,821</u>

**4. INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2009

2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counter party, or by Its trust department or agent but not in the Town's name

Fiscal year-end, the Town's Investment balances were as follows:

Type of Investment	Category			Carrying Amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificates of Deposit	\$ 6,166			\$ 6,166			\$ 6,166
Restricted Certificates of Deposit	53,885			53,885			53,885
Total Investments	<u>\$ 60,051</u>			<u>\$ 60,051</u>			<u>\$ 60,051</u>

## 5. RECEIVABLES

The receivables of \$254,389 at June 30, 2009, are as follows:

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes			
Ad Valorem	\$ 1,665	\$	\$ 1,665
Sales and Use	8,979		8,979
Franchise and Other	25,976		25,976
Accounts		191,713	191,713
Other		350	350
Due From General Fund		25,706	25,706
Total	<u>\$ 36,620</u>	<u>\$ 217,769</u>	<u>\$ 254,389</u>

## 6. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables at June 30, 2009 were as follows:

	General Fund	Enterprise Fund
Due from other fund	\$	\$ 25,706
(Due to) other fund	<u>(25,706)</u>	
Net (Due to)/Due from	<u>\$ (25,706)</u>	<u>\$ 25,706</u>



**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2009

**7. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2009, for the primary government is as follows:

Governmental Activities:

	Balance June 30, 2008	Additions	Dispositions	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Total capital assets, not being depreciated	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Capital assets, being depreciated:				
Buildings & Improvements	\$ 445,787	\$ 1,193	\$ -	\$ 446,980
Equipment:				
Police Department	219,843	24,693	19,739	224,797
Sanitation, Streets, & Right of Ways	26,678			26,678
General	15,816			15,816
Sewer plant for Enterprise Fund	<u>374,355</u>			<u>374,355</u>
Total capital assets, being depreciated	<u>\$ 1,082,479</u>	<u>\$ 25,886</u>	<u>\$ 19,739</u>	<u>\$ 1,088,626</u>
Less accumulated depreciation for:				
Buildings & Improvements	\$ 209,618	\$ -	\$ -	\$ 209,618
Equipment				
Police Department	156,868	21,075	19,739	158,204
Sanitation, Streets, & Right of Ways	18,291	3,289		21,580
General	12,178	11,984		24,162
Sewer plant for Enterprise Fund	<u>374,355</u>			<u>374,355</u>
Total accumulated depreciation	<u>771,310</u>	<u>\$ 36,348</u>	<u>\$ 19,739</u>	<u>787,919</u>
Total Capital assets being depreciated net	<u>\$ 313,169</u>			<u>\$ 302,707</u>

Depreciation expense of \$36,348 for the year ended June 30, 2009, was charged to the following governmental functions:

General Government	\$ 5,252
Public Safety	21,075
Public Works	3,289
Recreation	<u>6,732</u>
Total Depreciation	<u>\$ 36,348</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2009

**7. CAPITAL ASSETS (continued)**

Business type Activities:

	Balance June 30, 2008	Additions	Reclass / Decreases	Balance June 30, 2009
Capital assets not being depreciated				
Land	\$ 43,850	\$ -	\$ -	\$ 43,850
Total capital assets, not being depreciated	<u>\$ 43,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,850</u>
Capital assets being depreciated				
Buildings	\$ 148,669	\$ -	\$ -	\$ 148,669
Water System	10,122,464	16,415		10,138,879
Sewer System	1,830,074	68,204		1,898,278
Fixtures & Equipment	199,065	19,200		218,265
Automotive equipment	217,835		30,970	186,865
Total capital assets being depreciated	<u>\$ 12,518,107</u>	<u>\$ 103,819</u>	<u>\$ 30,970</u>	<u>\$ 12,590,956</u>
Less accumulated depreciation for				
Buildings	\$ 62,218	\$ 4,234	\$ -	\$ 66,452
Water System	4,822,704	353,758		5,176,462
Sewer System	904,949	66,339		971,288
Fixtures & Equipment	125,826	15,689		141,515
Automotive equipment	109,011	15,460	30,970	93,501
Total accumulated depreciation	<u>6,024,708</u>	<u>\$ 455,480</u>	<u>\$ 30,970</u>	<u>6,449,218</u>
Total Capital assets being depreciated net	<u>\$ 6,537,249</u>			<u>\$ 6,185,588</u>

**8. INTERFUND TRANSFERS**

Interfund transfers totaled \$13,110 for operating transfers from the Utility Fund to the General Fund during the year ended June 30, 2009. The Utility Fund reimburses the General Fund for general operational support during the year.

**9. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$169,491 at June 30, 2009, are as follows:

	General Fund	Enterprise Fund	Total
Payroll	\$ 8,099	\$ 21,882	\$ 29,981
Compensated absences	2,335	3,218	5,553
Trade accounts	2,060	13,747	15,807
Other	13	118,137	118,150
Total	<u>\$ 12,507</u>	<u>\$ 156,984</u>	<u>\$ 169,491</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 As of and for the Year Ended June, 2009

## **10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2009. The water revenue bonds constitute obligations of the Town solely secured by a lien on and pledge of the net revenues of the water system. The revenue of the water system and the various special funds established by the bond ordinances collateralize the revenue bonds. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond fund. Remaining revenues may then be used for any lawful purpose.

The resolutions authorizing the Water Revenue Bonds require that the Town establish a sinking fund, reserve funds, and a contingency fund and make monthly payments in order to satisfy payments of principal and interest on all bonds payable. To satisfy all bond sinking fund requirements the monthly amount to be deposited into the Sinking Fund is between \$38,972 and \$39,054 for year end June 30, 2009. There is also a \$1,264 deposit required monthly to the contingency fund. All reserve requirements for the bonds have been met. The Town has complied with all significant financial requirements as of June 30, 2009.

The long-term debt is due as follows:

### **10. LONG-TERM OBLIGATIONS (continued)**

Interest Included as Direct Expense. Interest expense of \$249,116 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the water program for which borrowing is related.

Prior-year Defeasance of Debt. In 2005, the Town defeased certain water revenue bonds and certificates of indebtedness by placing the proceeds of the new water revenue bonds in an irrevocable trust to provide for all future payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's government-wide financial statements. The defeased bonds were paid at March 31, 2007.

## **11. RETIREMENT SYSTEM**

Substantially all employees of the police department of the Town of Blanchard, are members of the following state wide retirement system: Police Employees Retirement System of Louisiana. This system is cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to this plan follows:

Municipal Police Employees Retirement System of Louisiana (System) Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 As of and for the Year Ended June, 2009

The System Issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

**Funding Policy.** Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Blanchard is required to contribute at an actuarially determined rate. The current rate is 16.25% of annual covered payroll. The contribution requirements of plan members and the Town of Blanchard re established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Blanchard contributions to the System for the years ending June 31, 2009, and 2008, were \$8,768, and \$17,690, respectively, equal to the required contributions for each year.

The Utilities Department employees may participate in a 457(b) Deterred Compensation Plan. Full time employees can participate after their 90-day probation period is over. An employee may contribute a maximum of \$15,000 per year. The Town matches 50% of the employees' contributions up to 6% of the employee's salary. The Town contributed \$-0- for the year ended June 30, 2009.

#### 12. RESTRICTED NET ASSETS

The amount of retained earnings restricted for revenue bond retirement is detailed as follows:

#### 13. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

#### 14. CONTINGENT LIABILITIES

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material. During the various fiscal years, the Town of Blanchard has been required to relocate water lines along Highway 1 to accommodate a Department of Transportation and Development, State of Louisiana, highway construction project. Funding is provided by the State of Louisiana to the Town pursuant to Act 319 (R.S. 48:381 (C)(2)). In accordance with provisions of this Act, the Town is henceforth prohibited from locating a utility installation in any state-owned right-of-way until the Town reimburses the State for the cost of the relocations.

#### 15. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For year ended June 30, 2009, the State made contributions of \$-0-.

## Required Supplemental Information (Part II)

## SCHEDULE 1

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GOVERNMENTAL FUND**

For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenue</b>				
Ad valorem taxes	\$ 84,900	\$ 96,460	\$ 93,698	\$ (2,762)
Sales tax	140,000	125,000	126,832	1,832
Franchise taxes	105,000	135,800	105,501	(30,299)
Intergovernmental revenues:				
State grant	0	75	84	9
Licenses and permits	56,490	40,100	86,616	46,516
Charges for services	108,360	133,800	126,478	(7,322)
Fines and forfeitures	95,000	100,000	103,677	3,677
Use of Money and Property	20,200	20,600	20,487	(113)
Gain on sale of assets	0	1,000	1,034	34
Other	23,600	76,760	4,031	(72,729)
Total Revenues	<u>633,550</u>	<u>729,595</u>	<u>668,438</u>	<u>(61,157)</u>
<b>Expenditures:</b>				
Current:				
General government	96,775	142,045	144,004	(1,959)
Public safety: Police	396,400	410,890	396,141	14,749
Public works:				
Sanitation	105,000	112,000	116,499	(4,499)
Street and right of ways	27,100	30,500	29,474	1,026
Building and grounds	15,825	14,800	24,092	(9,292)
Culture and recreation	12,390	13,800	3,526	10,274
Capital outlays	10,000	5,500	25,886	(20,386)
Total Expenditures	<u>663,490</u>	<u>729,535</u>	<u>739,622</u>	<u>(10,087)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(29,940)</u>	<u>60</u>	<u>(71,184)</u>	<u>(71,244)</u>
Other Financing Sources (Uses)				
Operating transfers in	30,000	0	0	0
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in Fund Balances	60	60	(71,184)	(71,244)
Fund balances, beginning of year	<u>78,413</u>	<u>72,360</u>	<u>147,835</u>	<u>147,835</u>
Fund balances, end of year	<u>\$ 78,473</u>	<u>\$ 72,420</u>	<u>\$ 76,651</u>	<u>\$ (76,591)</u>

## Other Supplemental Schedules

**TOWN OF BLANCHARD, LOUISIANA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEET**  
June 30, 2009

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash equivalents	\$ 77,994	\$ 122,124
Investments	200	0
Receivables	36,620	34,646
Deposits	<u>50</u>	<u>14,540</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>114,864</u></b>	<b>\$ <u>171,310</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts, payroll, and other payables	\$ 12,507	\$ 19,201
Due to utility fund	<u>25,706</u>	<u>4,273</u>
<b>Total Liabilities</b>	<b><u>38,213</u></b>	<b><u>23,474</u></b>
Fund Balance:		
Unreserved, reported in:		
General Fund	<u>76,651</u>	<u>147,836</u>
<b>Total Fund Balance</b>	<b>\$ <u>76,651</u></b>	<b>\$ <u>147,836</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u><u>114,864</u></u></b>	<b>\$ <u><u>171,310</u></u></b>



## SCHEDULE 3

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND**

For the Year Ended June 30, 2009

With Comparative Amounts for Year Ended June 30, 2009

	2009	2008
<b>Revenue</b>		
Ad valorem taxes	\$ 93,698	\$ 85,035
Sales tax	126,832	118,209
Franchise taxes	105,501	95,351
Intergovernmental revenues:		
State grant	84	17,150
Licenses and permits	86,616	75,474
Charges for services	126,478	107,560
Fines and forfeitures	103,677	100,340
Use of Money and Property	20,487	23,025
Gain on sale of assets	1,034	0
Other	4,031	5,701
<b>Total Revenues</b>	<b>668,438</b>	<b>627,845</b>
<b>Expenditures:</b>		
Current:		
General government	144,004	75,533
Public safety: Police	396,141	387,676
Public works:		
Sanitation	116,499	100,884
Street and right of ways	29,474	33,313
Building and grounds	24,092	22,784
Culture and recreation	3,526	2,311
Capital outlays	25,886	40,358
<b>Total Expenditures</b>	<b>739,622</b>	<b>662,860</b>
Excess (Deficiency) of Revenues over Expenditures	(71,184)	(35,014)
<b>Other Financing Sources (Uses)</b>		
Sale of assets		
Operating transfers in	0	34,454
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>34,454</b>
Net change in Fund Balances	(71,184)	(560)
Fund balances, beginning of year	147,835	148,396
Fund balances, end of year	\$ 76,651	\$ 147,836

## SCHEDULE 4

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENTS OF NET ASSETS, PROPRIETARY FUND**  
June 30, 2009 and 2008

<b>ASSETS</b>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and Cash equivalents	\$ 510,752	\$ 551,310
Investments	5,966	5,747
Receivables	217,769	206,240
Prepaid Insurance	0	34,149
Due from other funds	<u>0</u>	<u>4,273</u>
Total current assets	734,487	801,719
Restricted assets		
Cash and Cash equivalents	922,936	860,547
Investments	<u>53,885</u>	<u>51,911</u>
Total restricted assets	976,821	912,458
Non-current assets:		
Unamortized bond issue costs	188,333	201,723
Capital assets net of accumulated depreciation	<u>6,185,588</u>	<u>6,537,246</u>
Total non-current assets:	<u>6,373,921</u>	<u>6,738,969</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>8,085,229</u></b>	<b>\$ <u>8,453,146</u></b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts, salaries, and other payables	\$ 156,984	\$ 132,101
Total current liabilities:	156,984	132,101
Current liabilities payable from restricted assets:		
Current portion of long-term obligations	235,000	268,045
Accrued interest on long-term debt	73,536	80,236
Meter deposits	<u>286,125</u>	<u>264,975</u>
Total current liabilities payable from restricted assets:	594,661	613,256
Nonecurrent liabilities		
Long-term obligations, net of unamortized discounts	<u>4,288,195</u>	<u>4,541,220</u>
Total nonecurrent liabilities	<u>4,288,195</u>	<u>4,541,220</u>
<b>TOTAL LIABILITIES</b>	5,039,840	5,286,577
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,662,393	1,727,981
Restricted for debt service	374,692	474,180
Unrestricted	<u>1,008,304</u>	<u>964,408</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>3,045,389</u></b>	<b>\$ <u>3,166,569</u></b>

## SCHEDULE 5

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**

*For the Years Ended June 30, 2009 and 2008*

	2009	2008
<b>Operating Revenues</b>		
Charges for services:		
Water sales	\$ 1,988,969	\$ 1,758,537
Sewer service fees	220,722	152,114
Installations	78,850	81,640
Permits and fees	54,175	53,397
Other services	3,495	16,397
Total Charges for services:	<u>2,346,211</u>	<u>2,062,085</u>
Intergovernmental revenues:		
State grant	<u>0</u>	<u>18,000</u>
Total Operating Revenues	<u>2,346,211</u>	<u>2,080,085</u>
<b>Operating Expenses</b>		
Current:		
Cost of sales and services	1,389,538	1,170,219
Administration	407,231	262,220
Depreciation	455,475	437,727
Total Operating Expenses	<u>2,252,244</u>	<u>1,870,166</u>
<b>Operating Income</b>	<u>93,967</u>	<u>209,919</u>
<b>Nonoperating Revenues (Expenses)</b>		
Ad valorem taxes	43,419	40,138
Mineral lease	5,577	7,246
Interest earnings	11,225	42,728
Interest expense	(232,204)	(242,388)
Amortization of bond discount	(30,377)	(30,534)
Bond agency fees	(1,675)	(1,675)
Gain (loss) on sale of asset	1,998	1,583
Total Nonoperating Revenues (Expenses)	<u>(202,037)</u>	<u>(182,902)</u>
<b>Income Before Transfers</b>	<u>(108,070)</u>	<u>27,017</u>
Transfers out	<u>(13,110)</u>	<u>(34,454)</u>
<b>Change in Net Assets</b>	<u>(121,180)</u>	<u>(7,438)</u>
Total net assets, beginning of year	<u>3,166,569</u>	<u>3,174,007</u>
Total net assets, end of year	<u>\$ 3,045,389</u>	<u>\$ 3,166,569</u>

## SCHEDULE 6

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**

For the Year Ended June 30, 2009

	Water	Sewer	Total
<b>Operating Revenues</b>			
Charges for services:			
Water sales	\$ 1,988,969	\$	\$ 1,988,969
Sewer service fees		220,722	220,722
Installations	78,850		78,850
Permits and fees	47,775	6,400	54,175
Other services	3,495		3,495
Total Charges for services:	<u>2,119,089</u>	<u>227,122</u>	<u>2,346,211</u>
Intergovernmental revenues:			
Total Operating Revenues	<u>2,119,089</u>	<u>227,122</u>	<u>2,346,211</u>
<b>Operating Expenses</b>			
Current:			
Cost of sales and services	1,157,332	232,206	1,389,538
Administration	364,845	42,386	407,231
Depreciation	385,041	70,434	455,475
Total Operating Expenses	<u>1,907,218</u>	<u>345,026</u>	<u>2,252,244</u>
<b>Operating Income</b>	<u>211,871</u>	<u>(117,904)</u>	<u>93,967</u>
<b>Nonoperating Revenues (Expenses)</b>			
Ad valorem taxes		43,419	43,419
Mineral lease		5,577	5,577
Interest earnings	10,427	798	11,225
Interest expense	(232,204)		(232,204)
Amortization of bond discount	(30,377)		(30,377)
Bond agency fees	(1,675)		(1,675)
Gain (loss) on sale of asset	1,998		1,998
Total Nonoperating Revenues (Expenses)	<u>(251,831)</u>	<u>49,794</u>	<u>(202,037)</u>
<b>Income Before Transfers</b>	<u>(39,960)</u>	<u>(68,110)</u>	<u>(108,070)</u>
Transfers out	<u>(13,110)</u>		<u>(13,110)</u>
<b>Change in Net Assets</b>	<u>\$ (53,070)</u>	<u>\$ (68,110)</u>	<u>(121,180)</u>
Total net assets, beginning of year			<u>3,166,569</u>
Total net assets, end of year			<u>\$ 3,045,389</u>

## SCHEDULE 7

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF COMPENSATION AND REIMBURSED EXPENSES PAID TO BOARD MEMBERS**  
**For the Year Ended June 30, 2009**

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Johnny Digilomo	\$ 6,000	\$ 120	\$ 6,120
Alderman Ross Prewett	4,800		4,800
Alderwoman Allison Jones	5,100		5,100
Alderwoman Patsy Lee	4,800		4,800
Alderman Nathan Ashby	4,800		4,800
Alderman Jimmy Whittington	4,800		4,800
Total	<u>30,300</u>	<u>120</u>	<u>30,420</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**SCHEDULE OF RATES**  
**For the Year Ended June 30, 2009**

	Usage	Base	Per Additional 1,000 Gallons
WATER	<b>Residential Inside:</b>		
	0-2,000 Gallons	\$15.27	N/A
	2,001 Gallons - 10,000		\$2.98
	10,001 - 20,000		\$3.84
	over 20,000		\$4.49
	<b>Residential Outside:</b>		
	0-2,000 Gallons	\$23.07	N/A
	2,001 Gallons - 10,000		\$3.58
	10,001 - 20,000		\$4.49
	over 20,000		\$5.13
	<b>Commercial Inside:</b>		
	0-2,000 Gallons	\$45.90	N/A
	2,001 Gallons - 10,000		\$2.98
	10,001 - 20,000		\$3.84
	over 20,000		\$4.49
	<b>Commercial Outside:</b>		
	0-2,000 Gallons	\$56.10	N/A
	2,001 Gallons - 10,000		\$3.58
	10,001 - 20,000		\$4.49
	over 20,000		\$5.13
	<b>Industrial:</b>		
	0-30,000 Gallons	\$123.41	N/A
	over 30,001		\$5.53
SEWER	<b>Residential Inside:</b>		
	Flat Rate	\$5.25	N/A
	1,000 - 10,000		\$1.58
	10,001 - 20,000		\$2.10
	20,000 - 30,000		\$2.63
	With cap at 30,000		
	<b>Residential Outside:</b>		
	Flat Rate	\$10.50	N/A
	1,000 - 10,000		\$1.58
	10,001 - 20,000		\$2.10
	20,000 - 30,000		\$2.63
	With cap at 30,000		
	<b>Commercial Inside:</b>		
	Flat Rate	\$15.75	N/A
	1,000 - 10,000		\$1.58
	10,001 - 20,000		\$2.10
	20,000 - 30,000		\$2.63
	<b>Commercial Outside:</b>		
	Flat Rate	\$84.00	N/A
	1,000 - 10,000		\$1.63
	10,001 - 20,000		\$2.10
	20,000 - 30,000		\$2.63
	With cap at 30,000		
	<b>Industrial Inside:</b>		
	Flat Rate	\$84.00	N/A
	Per 1,000 gallons		\$2.00
	NO CAP		

**Industrial Outside:**

Flat Rate  
Per 1,000 gallons  
NO CAP

\$84.00

N/A  
\$2.10

## SCHEDULE 9

**TOWN OF BLANCHARD, LOUISIANA**  
**SCHEDULE OF INSURANCE**  
**For the Year Ended June 30, 2009**

<u>Coverage</u>	<u>Inception Date</u>	<u>Expiration Date</u>	<u>Limits of Liability</u>	<u>Deductible Amount</u>
Workers Compensation	1/1/2009	1/1/2010	\$100,000 each accident \$500,000 disease policy limit \$100,000 disease each employee	N/A
Automobile	6/11/2008	6/11/2009	\$1,000,000 combined single limit	500
Property and Contents	6/11/2008	6/11/2009	As scheduled from \$345,801 to \$7,580,963 based on replacement value of scheduled property	\$1,000
General Liability	6/11/2008	6/11/2009	\$1,000,000 each occurrence \$100,000 damage-rented property \$1,000,000 personal & adv injury \$2,000,000 general aggregate \$2,000,000 products-comp/op agg.	\$1,000
Employee Dishonesty	7/26/2008	7/26/2009	\$10,000 Bond	N/A



Other Reports

## **SAMUEL W. STEVENS, III CPA**

*P.O. Box 52631 · Shreveport, LA 71135 · (318) 458-0930 · Fax (318) 219-7841*

---

### **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

The Honorable Johnny Digilormo  
And the Members of the Board of Aldermen of  
Town of Blanchard, Louisiana

I have audited the financial statements of the governmental activities and business-type activities of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have Issued my report thereon dated December 22, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Town of Blanchard's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financials statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blanchard, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Blanchard, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the Town of Blanchard, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. I consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. The control deficiency noted is described in the accompanying schedule of findings and responses as item 2009-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Blanchard, Louisiana's internal control.


My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I do not consider item 2009-1, to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Blanchard, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town of Blanchard, Louisiana, Board of Aldermen and management, cognitive agencies, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, reading "Samuel W. Stevens, III". The signature is fluid and cursive, with a horizontal line extending from the end.

Samuel W. Stevens, III  
Certified Public Accountant

December 22, 2009

**TOWN OF BLANCHARD, LOUISIANA  
Schedule of Findings and Responses  
For the Year ended June 30, 2009**

**SUMMARY OF AUDITOR'S REPORTS**

**INDEPENDENT AUDITOR'S REPORT:**

I have audited the basic financial statements of Town of Blanchard, Louisiana as of and for the year ended June 30, 2009, and have issued my report thereon dated December 22, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the basic financial statements as of June 30, 2009, resulted in an unqualified opinion.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**Compliance:**

Item: 2009-1

Criteria or Specific Requirement: The Town of Blanchard (Town) is required to submit an audit of its annual financial statements to the Louisiana Legislative Auditor within six months of its year-end or June 30, 2009.

Type of Finding: This is a noncompliance finding. This finding has occurred for the second consecutive year..

Condition: The audited financial statements were not submitted by December 31, 2009.

Effect: Noncompliance with state law regarding financial reporting.

Cause: The CPA experienced technical problems which delayed the submission of the financial statements and submission thereof within the time period required.

Recommendation: I recommend starting the audit within forty-five days of year end.

**Views of Responsible Officials and Planned Corrective Actions:**

A) Name of Contact Responsible – Town Clerk

B) Corrective Action Planned – The Town is demanding that the CPA start the audit substantially earlier than the previous two years to minimize the chances of this finding occurring again.

Compliance Material to Financial Statements	No
---	----

**Internal Control:**

Material Weaknesses	No
---------------------	----

Other Conditions	No
------------------	----

**FEDERAL AWARDS**

Not applicable

**FINANCIAL STATEMENT FINDINGS**

None.

**TOWN OF BLANCHARD, LOUISIANA  
Schedule of Prior Years Audit Findings  
For the year ended June 30, 2009**

Item: 2008-1

Criteria or Specific Requirement: The Town of Blanchard (Town) is required to submit an audit of its annual financial statements to the Louisiana Legislative Auditor within six months of its year-end or June 30, 2008.

Type of Finding: Noncompliance.

Condition: The audited financial statements were not submitted by December 31, 2008.

Effect: Noncompliance with state law regarding financial reporting.

Cause: The CPA's illness caused the delay in the submission of the financial statements and submission thereof within the time period required.

Recommendation: None as the Town was not at fault.

Views of Responsible Officials and Planned Corrective Actions:

A) Name of Contact Responsible – Town Clerk

B) Corrective Action Planned – None as the cause was beyond the Town's control.

This finding occurred again for the year ended June 30, 2009. See 2009-1